



JOINT TECHNOLOGY COMMITTEE

Colorado Department of Revenue

Sales and Use Tax Simplification Update – September 14, 2020

WHAT WAS THE PRIMARY INTENT OF SB19-006?

- To deliver a Sales & Use Tax Software (SUTS) system that could be a single web portal where businesses could both look up sales and use tax information and file and remit to all jurisdictions at once.

Why does this matter?

- Ease of use for businesses because it provides a one-stop shop to register, file, and pay.
- Allows for Economic Nexus allowing Colorado to require the collection of out-of-state businesses to collect sales tax.
- Created a Tax “Source of Truth” for tax data.

HOW COMPLEX IS COLORADO SALES TAX?

- Unique Tax landscape with 272 Municipalities
- 97 municipalities are Home Rule Jurisdiction
- 71 Home Rules are self-collecting
- 411 different combinations of taxing jurisdictions

HOW SUCCESSFUL WAS THE CREATION OF SUTS?

- The SUTS development was completed **seven weeks ahead** of what was already an aggressive estimate.
- The SUTS budget was \$18,750,000 over fiscal years 2020 and 2021, but SUTS was completed at almost \$6 million under budget for FY20 and \$4.6 million under budget for FY21. About **\$10.6 million in savings** (56.30% of the appropriation) was given back to the General Fund.
- The SUTS functionality **exceeded the minimal viable product** established at the start, allowing lookups of sales and use tax but also credits and exemptions with a robust remittance service.
- The SUTS **acceptance rate also exceeded expectations**. The original requirement was for three of the 71 self-collecting-tax municipalities to voluntarily use the system upon launching online and to reach 100% engagement within three years. As of July 6, 2020, twelve (17%) have signed on.
- SUTS yearly **maintenance & support is far less than originally anticipated** and less than maintaining a system in-house. Starting in FY22, support is estimated to be only about \$2.2 million.

WHY DID THE PROJECT GO SO WELL?

ITN (Intent to Negotiate) Solicitation

Allowed CDOR to work with Vendors closely to find the right match and cost structure.

Use of Agile Scrum Framework

Allowed for the evolution of a responsive and adaptive product.

Agency Product Ownership

Shifted the intrinsic motivation to be successful.

Vendor Partnership

Created ownership of a key part of the product.

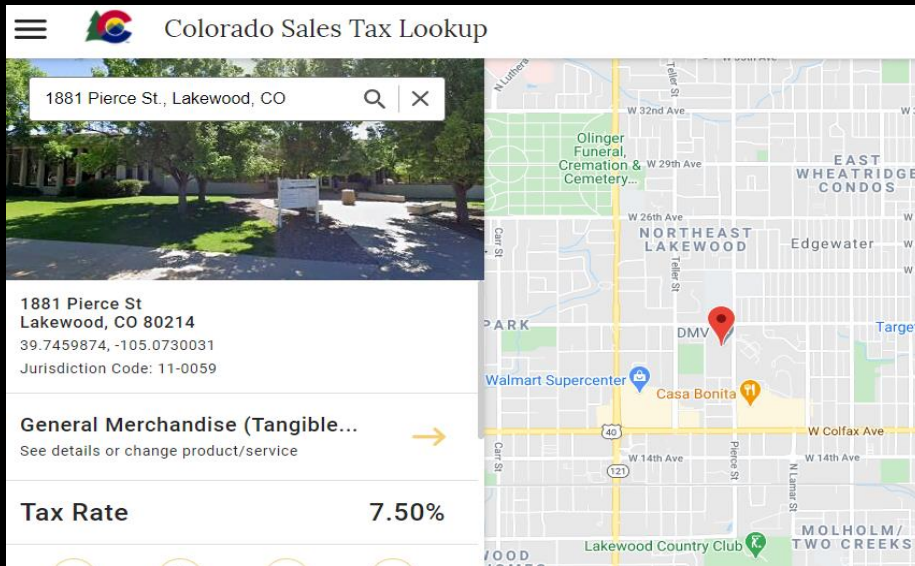
Governance

Tight hold on changes and needs that affect scope, cost, and resources.

HOW EASY IS THE SALES TAX LOOK-UP TOOL?

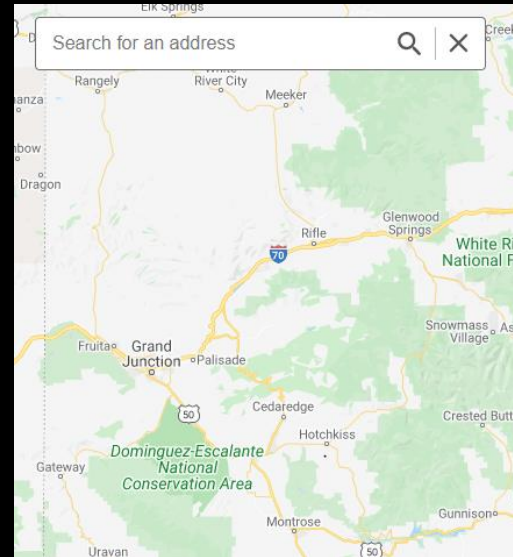
Anyone can use the geographic information system (GIS) tool to look up tax rates for any location in Colorado. Two Ways:

By address




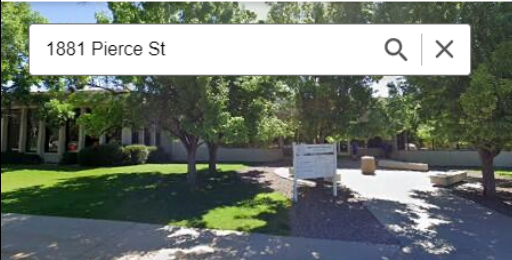

The screenshot shows the 'Colorado Sales Tax Lookup' web application. At the top, there is a search bar with the text '1881 Pierce St, Lakewood, CO'. Below the search bar is a thumbnail image of a house. To the right of the image, the address '1881 Pierce St, Lakewood, CO 80214' is displayed, along with the phone number '39.7459874, -105.0730031' and the 'Jurisdiction Code: 11-0059'. Below this information, there is a section for 'General Merchandise (Tangible...)' with a link to 'See details or change product/service'. At the bottom, the 'Tax Rate' is shown as '7.50%'. On the right side of the interface, a map of the Lakewood area is visible, with a red pin marking the location of 1881 Pierce St. Various landmarks like 'Olinger Funeral, Cremation & Cemetery', 'Walmart Supercenter', and 'Casa Bonita' are labeled on the map.

by pointing and clicking on the map.



IS A PRODUCT TAXABLE IN A JURISDICTION?

 Colorado Sales Tax Lookup



1881 Pierce St
Lakewood, CO 80214
39.7459870, -105.0730100
Jurisdiction Code: 11-0059

General Merchandise (Tangible...
See details or change product/service

Tax Rate 7.50%

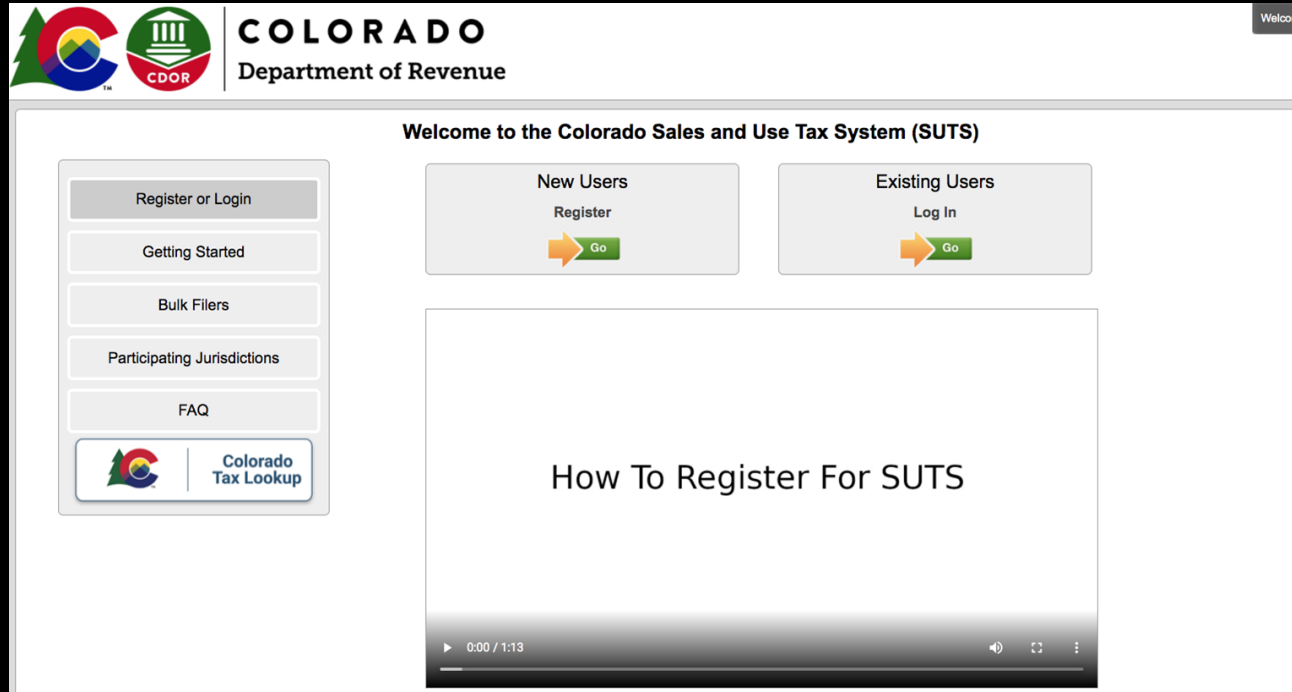
Products & Services List

Select an item from the matrix below to get a breakdown of the rate.

PRODUCT/SERVICE	SALES TAX RATE
General Merchandise (Tangible Personal Property)	7.50%
Food for home consumption	3.50%
Gas, electricity, etc. for residential use	3.50%
Occasional sales by charitable organizations	3.50%
Farm equipment	3.50%
Pesticides. Effective July 1, 2012 sales of pesticides are considered wholesale sales and are not subject to state or state collected local sales or use taxes. These sales will be reported on the DR 0100 Deductions and Exemptions Schedule Line 2b (8).	3.00%
Food Sold Through Vending Machines	0.50%

In Colorado, local jurisdictions can choose to tax or exempt certain products. SUTS enables individuals to use the GIS tool to easily research whether a particular product is taxable in that jurisdiction.

IS SUTS SIMPLE TO ACCESS?



The System includes Video Tutorials and guides before registration for an easy user experience from the very beginning.

EASY NAVIGATION AND TOOLS FOR BUSINESSES.

The screenshot shows the top section of the SUTS Business Center. At the top left is the Colorado Department of Revenue logo, featuring a stylized 'C' with a mountain and sun, and the text 'COLORADO Department of Revenue'. To the right of the logo is a 'Business Center' button. Below the logo, a breadcrumb trail reads 'SUTS Colorado Department of Revenue > Business Center'. The main content area is divided into two columns. The left column is titled 'OPEN TASKS' and shows 'No tasks at this time'. The right column is titled 'QUICK LINKS' and contains several links: 'Click HERE for FAQs.', 'Click HERE for the Excel Upload template.', 'Click HERE for Step by Step Instructions on the Excel filing process.', 'Click HERE for ACH Credit Payment Instructions', 'Click HERE for the Amendment Information Submission', 'Click HERE for XML Help and Testing Tool', 'Click HERE for Participating Home Rule Jurisdictions', 'Click HERE for Video Tutorials to Guide you in SUTS', 'Click HERE for Step by Step Instructions on the Excel Upload Button and Prior Period Filing', 'Click HERE for Allowed Exemptions and Excel Customization Help', and 'Click HERE for the list of Colorado Jurisdiction IDs'. At the bottom of the quick links section is a link to 'Add or remove a business to your account here.' and an 'Excel Upload' button. Below the quick links is a 'Colorado Tax Lookup' button.

WELCOME, EIR

COLORADO
Department of Revenue

Business Center

SUTS Colorado Department of Revenue > Business Center

OPEN TASKS
No tasks at this time

QUICK LINKS

- Click [HERE](#) for FAQs.
- Click [HERE](#) for the Excel Upload template.
- Click [HERE](#) for Step by Step Instructions on the Excel filing process.
- Click [HERE](#) for ACH Credit Payment Instructions
- Click [HERE](#) for the Amendment Information Submission
- Click [HERE](#) for XML Help and Testing Tool
- Click [HERE](#) for Participating Home Rule Jurisdictions
- Click [HERE](#) for Video Tutorials to Guide you in SUTS
- Click [HERE](#) for Step by Step Instructions on the Excel Upload Button and Prior Period Filing
- Click [HERE](#) for Allowed Exemptions and Excel Customization Help
- Click [HERE](#) for the list of Colorado Jurisdiction IDs

► Add or remove a business to your account here.

Excel Upload

Colorado Tax Lookup

The screenshot shows the bottom section of the SUTS Business Center. It features four video thumbnails arranged in a 2x2 grid. Each thumbnail has a title and a video player interface. The titles are: 'CAN Application in SUTS', 'SUTS Excel Filing', 'SUTS Existing Business Registration', and 'SUTS XML Help and Testing Tool'. The video players show the first few seconds of each video, with progress bars and play/pause buttons. The 'CAN Application in SUTS' video is 2:15 long, 'SUTS Excel Filing' is 9:25, 'SUTS Existing Business Registration' is 1:42, and 'SUTS XML Help and Testing Tool' is 1:48.

COLORADO
Department of Revenue

Business Center

SUTS Colorado Department of Revenue > Business Center > Tutorials

CAN Application in SUTS

SUTS Excel Filing

SUTS Existing Business Registration

SUTS XML Help and Testing Tool

Once a business registers, the System's Quick Links provides additional guides and videos.

EASY FILING CONFIRMATION FOR BUSINESSES

The system provides an easy way for businesses to confirm their upload validated in SUTS matches their expected filing amount for each business, and each jurisdiction owed.

001378 Bulk Filing Electronic Signature
Bulk Testing Only

Current Time: 01/27/2020

Review the summary below. Sign and Confirm to complete your filings
**Note only filings without errors will be processed upon confirmation.*

TransmissionID - 77779999011520CCCFQ
File name - "BulkFilingScreenshots.xml"
Total Returns = 4
Total Accepted = 4
Total with Errors = 0
Total Payments on Accepted Returns = \$13,760

Returns to be accepted upon "Confirm and Pay"

Business Name	FEIN	Document ID	Tax Period	Total Payment	Late
Managed Bus1	336744423	010000testing011420Q	12/2019	\$3,440	No
Managed Bus2	446744433	010000testing011420Q	12/2019	\$3,440	No
Managed Bus3	556733344	010000testing010820Q	12/2019	\$3,440	No
Managed Bus4	776733355	010000testing011320Q	12/2019	\$3,440	No

BY ENTERING MY ELECTRONIC SIGNATURE BELOW,
I CERTIFY UNDER PENALTY OF PERJURY THAT THE ABOVE INFORMATION IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.
I PROVIDE AUTHORIZATION FOR YOU TO DEBIT THE TOTAL AMOUNT OF "\$13,760" FROM THE ACCOUNTS PROVIDED IN THE FILE NAME AND TRANSMISSIONID LISTED ABOVE.

Name (as electronic signature) *

Title *

Date *

Show 10 entries

ction ID	Gross Sales	Total Deductions	Net Taxable Sales & Service
001	654.00	0.00	654.00
008	215.00	0.00	215.00
026	654.00	0.00	654.00
9015	543.00	0.00	543.00
9017	218.00	0.00	218.00
9110	766.00	0.00	766.00
9027	3178.00	0.00	3178.00
9014	654.00	0.00	654.00
9028	6543.00	500.00	6043.00
9033	654.00	0.00	654.00

UNIQUE EXEMPTIONS FOR ALL JURISDICTIONS

System honors, and validates all allowed exemptions unique to each community, including unique differences between home rule communities and statutory exemptions.

Details

Rates

Audit Log

Editing: ALAMOSA

Save

Name *

ALAMOSA

Description *

City Code

300001

Is consolidated

☐

Rounding enabled

☐

Parent jurisdiction

Allowed Exemptions for ALAMOSA

Exemptions that are allowed for this Home Rule Jurisdiction's Sales Tax Form. Check all that apply.

Rate *

✓ All Rates for ALAMOSA

State: ALAMOSA

City: ALAMOSA

County: ALAMOSA

☐ Cigarettes

☐ Cigarettes

☐ Gasoline

☐ Groceries Exempted by Section 2-7-415 of Ordinance

☐ Non-Taxable Service

☐ Non-taxable Service and Sales

☐ Non-Taxable Service or Labor

☒ Non-Taxable Service Sales (Included in Gross Sales Above)

☒ Other Deduction

UNIQUE RATES AND RULES FOR ALL JURISDICTIONS

Editing: ENGLEWOOD

Rates history

Name	Start Date
CD: ENGLEWOOD	2019-01-01 00:00:00
County: ENGLEWOOD	2019-01-01 00:00:00
HR City: ENGLEWOOD	2019-01-01 00:00:00
RTD: ENGLEWOOD	2020-07-01 00:00:00
RTD: ENGLEWOOD	2019-01-01 00:00:00
State: ENGLEWOOD	2019-01-01 00:00:00
State: ENGLEWOOD	2020-07-01 00:00:00

Data Exchange

Export transactions to MUNIREvs Database
- select database -

Form Mapping
- select local form -

Edit Rate **Cancel**

Rate Name* **Start Da**
HR City: ENGLEWOOD 2019-01

Vendor Fee

Fee (%/100)
0.00000

Penalty

Rate (%) **Max (%)**
10.00000

Interest

Interest Rate per month (% / 100)
1.00000

Use Tax

System honors, and validates all rates for each community, including rate rules such as minimums for late charges.

UNIVERSAL SALES & USE TAX RETURN

Summary Page for City of Aspen

Local Lic #	Location	FEIN#	Business Name	Gross Sales	Net Taxable Sales & Service	Amount of Sales Tax	Timely Vendor Fee Discount	TOTAL SALES TAX	Use Tax
		123456789	MUNIRevs Support Test Business	\$15,000.00	\$14,500.00	\$348.00	\$11.48	\$336.52	\$0.00
		123456789	MUNITEST	\$15,000.00	\$14,500.00	\$348.00	\$11.48	\$336.52	\$0.00
TOTAL				\$30,000.00	\$29,000.00	\$696.00	\$22.96	\$673.04	\$0.00

Summary

Sales Tax: \$673.04
 Use Tax: \$0.00
 Auto Rental Tax: \$0.00
 Food Tax: \$0.00

TOTAL DUE AND PAYABLE \$673.04

For deduction detail, go to the tax form in this packet. Tax Forms are sorted alphabetically by business na

CITY OF ASPEN SALES & USE TAX RETURN

MUNIRevs Support Test Business

MUNIRevs Support Test Business

Local Acct #

FEIN# 123456789

555 Any Street

Any Town, CO 81323

Period Covered: August 2019

Due Date: 09-20-2019

Contact Info:

Name: Erin Neer

Phone: 408 316 6779

Email: erin@munirevs.com

Gross Sales	15,000.00
Add: Bad Debts Collected	0.00
Total Income (Line 1+2A)	15,000.00
Non-Taxable Service Sales (Included in Gross Sales Above)	0.00
Sales Shipped Out of Jurisdiction and / or State (Included in Line 1)	0.00
Bad Debts Charged Off (On Which Jurisdiction Tax has been Paid)	0.00
Trade-Ins For Taxable Resale	0.00
Sales of Gasoline and Cigarettes	0.00
Sales to Governmental, Religious and Charitable Organizations	0.00
Returned Goods (On Which Jurisdiction Tax has been Paid)	500.00
Prescription Drugs or Prosthetic Devices	0.00
Sales To Other Licensed Dealers For Purposes of Taxable Resale	0.00
Food Stamp and Federal Special Supplement Program Sales	0.00
Long Term Rentals	0.00
Other Deductions	0.00
Total Deductions	500.00
Net Taxable Sales & Service	14,500.00
Amount of Sales Tax	348.00
Add Excess Tax Collected	0.00
Adjusted Tax	348.00

SINGLE PAYMENT & DISBURSEMENT TO JURISDICTIONS

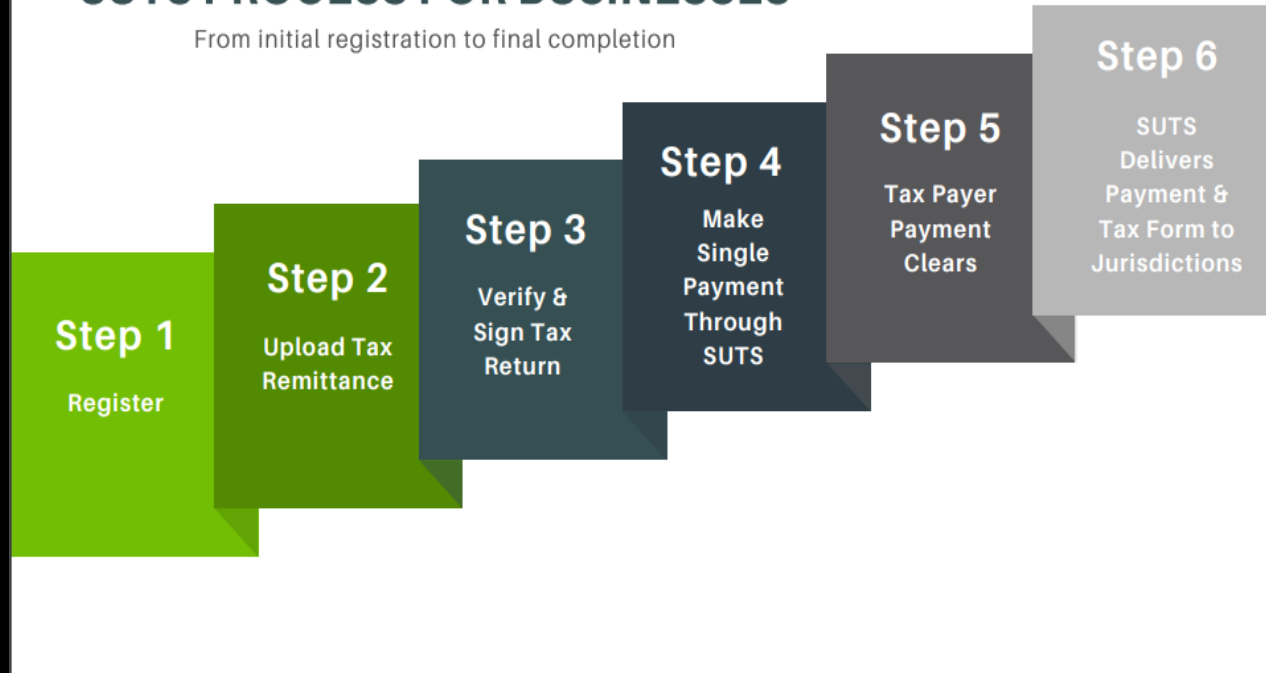
System allows businesses to make a single payment and then the SUTS system delivers the payment to each jurisdiction once payment has settled (approximately 3 banking days per NACHA).

Batch Id	Transaction Account	Amount	TxACct Mapped	GT File Gen	ACH Paid
40 - 10	Convenience Fees Holding Acct. : 10	15.52	Completed	Completed	Completed
40 - 22	Canon City : 22	15.23	Completed	N/A	Completed
40 - 6	State Payments : 6	11150.95	Completed	Completed	Completed
34 - 40	City of Colorado Springs : 40	0.02	Completed	--	Completed
32 - 28	Town of Silverthorne : 28	2.42	Completed	--	Completed
32 - 10	Convenience Fees Holding Acct. : 10	0.08	Completed	--	Completed
26 - 6	State Payments : 6	62.00	Completed	Completed	Completed
26 - 10	Convenience Fees Holding Acct. : 10	2.05	Completed	Completed	Completed
24 - 26	City of Golden : 26	0.00	Completed	N/A	--

STEP-BY-STEP PROCESS FOR BUSINESSES

SUTS PROCESS FOR BUSINESSES

From initial registration to final completion



DOES SUTS MATTER?

- In August a sample was taken for one Remote Seller for 10 participating cities in August.
- Result: \$373K in new revenue to these cities for one month.
- Translates to over \$4M annually.

This is a small sample of the potential revenue Colorado is missing but SUTS can change that.

HOW IS DOR LEVERAGING LESSONS LEARNED?

- Created the Business Innovation Group that has embodied all lessons learned with these key results:
 - Currently using the Agile Scrum Framework for GenTax and DRIVES.
 - Used for Pandemic Response that allowed 92% of the Agency to safely and productively work remotely.
 - Leveraged for Call Center and Chatbot technology.
 - Used for the creation of the Digital DMV.



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